

Message Text

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64

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 /085 W

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R 051905Z AUG 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 4259

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E.O. 11652: N/A

TAGS: EFIN, EINV, ETRD

SUBJECT: VENEZUELA'S V NATIONAL PLAN: CREDIT PACKAGE PROPOSAL

1. THE RULING AD PARTY HAS INTRODUCED TO CONGRESS A BS. 44 BILLION CREDIT PACKAGE TO HELP FINANCE VENEZUELA'S V DEVEOLOPMENT PLAN.

2. THE BILL BEFORE CONGRESS CALLS FOR BS. 19.3 BILLION TO BE BORROWED FROM FOREIGN FINANCIAL CENTERS, BS. 20.3 BILLION FROM THE VENEZUELAN INVESTMENT FUND, IN THE FORM OF DIRECT LOANS AND VIF STOCK PURCHASES, AND BS. 4.3 BILLION TO BE BORROWED BY AUTONOMOUS AGENCIES OF THE GOV.

3. THE CURRENT ADMINISTRATION'S PLANS TO BORROW THIS SUM OF MONEY HAS PROVIDED THE POLITICAL OPPOSITION AND SOME OF VENEZUELA'S MORE FISCALLY CAUTIOUS CITIZENS WITH A HIGHLY VISIBLE TARGET. THE FACT THAT NEARLY HALF OF THE AMOUNT BEING SOUGHT WILL COME FROM SURPLUS VENEZUELAN OIL PROFITS (FROM ONE PUBLIC POCKET TO ANOTHER PUBLIC POCKET) LESSENS THE EMOTIONAL IMPACT OF THE PROPOSAL ONLY SLIGHTLY.

4. AD'S CONGRESSIONAL MAJORITY WILL MAKE IT POSSIBLE FOR THE PEREZ ADMINISTRATION TO PASS THE BILL INTO LAW OVER THE LIMITED OFFICIAL USE

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OBJECTIONS OF THE OPPOSITION PARTIES.

5. SOCIAL CHRISTIAN (COPEI) CRITICISM CENTERS ON THE FACT THAT THE BS. 118.8 BILLION (PUBLIC SECTOR ONLY) DEVELOPMENT PLAN CALLS FOR MORE SPENDING THAN VENEZUELAN HUMAN RESOURCES CAN ADMINISTER EFFECTIVELY. LIKEWISE, COPEI SPOKESMEN HAVE CALLED INTO QUESTION NON-TRADITIONAL EXPORT GROWTH, INFLATION RATES, AND NON-CAPITAL EXPENDITURES WHICH ARE PROJECTED BY THE ARCHITECTS OF THE V PLAN.

6. IT IS NATURAL TO ASSUME THAT COPEI SEES THE V PLAN AS HAVING IMPLICATIONS BEYOND THE PEREZ ADMINISTRATION, AND IS NERVOUS ABOUT THE POSSIBILITY OF INHERITING A DEVELOPMENT PLAN MORE BOUGHT THAN PAID FOR.

VAKY

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: powellba
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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